



Articles & Commentaries



p-Watch — Australia



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From 5S to Six Sigma: A Report on Mongolia

I had the pleasure and privilege to undertake, in September last year, an APO Technical Expert Service (TES) assignment in Mongolia to provide consultancy and training services on Business Process Management. I was able to visit several enterprises across a range of industries and locations. By utilizing the APO TES program and in encouraging its people to participate in other APO productivity improvement programs, the National Productivity and Development Center (NPDC), the national productivity organization of Mongolia, demonstrates the value it places on human resources development in the country.

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Mongolia is eager to learn new ways to improve productivity and the quality of life of its people. Over the past 10 years there has been an increasing search for world's best practices and experience by drawing on the expertise and wisdom of APO member countries and leading economies. The Mongolian press regularly reports on the investment interest shown by other countries and the aid they extend to the country. Both the investments and the aid are directed at infrastructure augmentation and the longer-term development of the work-force. There is a realization that English needs to be mastered quickly as it is the international language of business.

Dr. Ts Balhaajav, author of *My Mongolia*, is enthusiastic about the future of Mongolia. He poses key visionary questions: "Who do we want to be?" "What is our role in the modern world?" "What are our strengths, weaknesses, opportunities, threats?" Exploring these concerns can only be positive.

A large part of the country is populated by nomadic herdsman and their families involved in the animal husbandry of horses, cattle, camels, sheep, and goats which is unique, effective, and largely self-sustaining. Most natural resources can be found here. Extracting them efficiently and in an environmentally friendly way, however, presents many challenges. But their exploitation will offer opportunities for foreign income and transfer of skills and knowledge.

Mongolia is conscious of its potential for international tourism. Mongolians say the only way to appreciate the wonders of Mongolia is to visit. "A picture is worth a thousand words." They are correct. They are aware of the need to provide quality training in the service area so as to build this growth industry and fulfill the expectations of tourists.

At the beginning of the 20th century, only 1% of the population were literate and only 1.5% of the estimated 80,000 children attended school. Today schooling is compulsory and most young people under 30 have some postschool formal qualifications. As well, training, education, and management development for adults are more accessible. While postschool qualifications are available and highly regarded, training and education for trade and technical skill development need significant focus. An appropriate internationally accredited national training system will have to be established.

Mongolia is situated close to the huge markets of north and eastern Asia. Other small economies have capitalized on the proximity of larger economies to become significant case studies in economic growth and prosperity. Ireland and Singapore, and to some extent New Zealand, are examples. Twenty years ago Ireland's economy was in poor shape but investment in education and training has been rewarded. It is now in the top 3 of the world's growth economies. The Singapore success story is well known.

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On the journey from 5S to Six Sigma (i.e., from good housekeeping to quality excellence), some organizations, such as steel fabrication and construction, are making slow progress through 5S. These are typically old-generation plants. Investment in modern plant and management methods in beverage manufacturing and bottling is not a high priority, and imported products are adversely impacting local ones. Power generation and water services and distribution, the lifeblood of low-cost competitive manufacturing, are at the mid-point of productivity improvement. At the leading edge, where some output is approaching Six Sigma, medical syringe manufacturing and garment and rug making have invested in contemporary management, staff development, and good leadership. When quality control circles are widely adopted and ISO 9000/2000 is fully embraced across both manufacturing and service sectors, substantial productivity growth will occur.

My lasting impression is that Mongolia is moving in the right direction. However there needs to be a national vision for the future to start addressing some of the questions posed by Dr. Balhaajav and to set new goals for inspirational leadership and long-term prosperity. Mongolia has some significant challenges ahead. However, the thirst for knowledge, the drive to excel, and pride in its unique cultural and national heritage combined with a young and enthusiastic population mean there is every chance Mongolia will emerge in the next 20-30 years as one of the notable small economy success stories.

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